
FISCAL UPDATE Article

Fiscal Services Division

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IPERS ACTUARIAL VALUATION REPORT

Report. The July 1, 2017, actuarial valuation for Iowa Public Employees' Retirement System (IPERS) was prepared by Cavanaugh Macdonald.

Valuation Report. The actuarial value of assets for the System totaled \$30.472 billion, an increase of approximately \$1.438 billion compared to the prior year. The actuarial liabilities for the System totaled \$37.440 billion, an increase of \$2.820 billion compared to the prior year. The unfunded actuarial liability for the System is \$6.968 billion, an increase of approximately \$1.382 billion compared to the prior year. The current aggregate funded ratio for IPERS is 81.4%, a 2.5% decrease from 83.9% the prior year. The market rate of return for FY 2017 was 11.7%. A copy of [IPERS Actuarial Valuation Report](#) can be found on the [IPERS webpage](#).

Changes to Actuarial Assumptions. The Investment Board voted to modify the following economic assumptions pursuant to a study earlier in FY 2017. Demographic assumptions will be reviewed in FY 2018. The following actuarial assumptions were changed:

- Inflation lowered from 3.0% to 2.6%.
- Investment return lowered from 7.5% to 7.0%.
- Interest on member accounts decreased from 3.75% to 3.50%.
- General wage growth assumption decreased from 4.00% to 3.25%.
- Payroll growth assumption lowered from 4.00% to 3.25%.

Contribution Rates. The following are the contribution rates for FY 2019 for all three member groups in IPERS.

- **Regular Membership** – The total required contribution rate is 15.73%, a difference of 0.85% compared to the current rate of 14.88%. For FY 2019, the employee contribution rate will be 6.29% and the employer contribution rate will be 9.44%. The current funded ratio is 80.4% and the total unfunded actuarial liability for the Regular membership is \$6.884 billion.
- **Sheriffs and Deputies** – The total required contribution rate is 19.52%, a difference of 0.76% compared to the current rate of 18.76%. For FY 2019, the employee contribution rate will be 9.76% and the employer contribution rate will be 9.76%. The current funded ratio is 93.0% and the total unfunded actuarial liability is \$48.7 million.
- **Protection Occupation** – The total required contribution rate is 17.02%, a difference of 0.62% compared to the current rate of 16.40%. For FY 2019, the employee contribution rate will be 6.81% and the employer contribution rate will be 10.21%. The current funded ratio is 97.8% and unfunded actuarial liability is \$35.1 million.

Additional Information. Additional information is available from the Legislative Services Agency upon request.

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